

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY01 Adjusted Base	FY02 Recommended	% Change Over FY01	FY03 Recommended	% Change Over FY02
GPR	4,991,900	4,154,900	-16.8	3,620,000	-12.9
SEG-O	16,039,500	21,723,400	35.4	17,211,700	-20.8
TOTAL	21,031,400	25,878,300	23.0	20,831,700	-19.5

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY01 Adjusted Base	FY02 Recommended	FTE Change From FY01	FY03 Recommended	FTE Change From FY02
GPR	3.50	3.50	0.00	3.50	0.00
SEG-O	198.35	188.85	-9.50	187.85	-1.00
TOTAL	201.85	192.35	-9.50	191.35	-1.00

AGENCY DESCRIPTION

The department is headed by a secretary appointed by a 13-member Employee Trust Funds Board and is responsible for: state-administered retirement program; group insurance programs (health, life, income continuation, long-term disability and long-term care); employee reimbursement account program; deferred compensation trust funds for state and local government employees; state accumulated sick leave conversion credits program; and private health insurance for small businesses. The Group Insurance Board, Teachers Retirement Board, Wisconsin Retirement Board, Deferred Compensation Board and the Private Employer Health Care Coverage Board are attached to the department.

The assets invested by the State of Wisconsin Investment Board are not assets of the state, but are held in trust pending their disbursement to secure coverage for, or to pay benefits to, members or their beneficiaries.

MISSION

The mission of the department is to serve Wisconsin by delivering quality benefits and services to public employees and employers and safeguarding the trust, today and tomorrow.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Employee Benefit Plans

Goal: Provide quality and timely communication with all stakeholders.

Objective/Activity: Increase accessibility through telephony technology and face-to-face counseling with members.

Goal: Ensure administration of benefit plans is timely and accurate.

Objective/Activity: Reduce the time to provide essential services to our members.

Goal: Ensure administration of benefit plans is cost-efficient.

Objective/Activity: Maintain costs of administration of benefit plans at or below the median of peer public retirement systems.

PERFORMANCE MEASURES

Prog. No.	Performance Measure	Actual 2000	Goal 2001	Goal 2002	Goal 2003
1.	Number of calls and percentage answered.	95,573 41%	144,907 60%	211,639 90%	216,853 90%
1.	Number of calls and percentage with busy signal.	137,819 59%	96,604 40%	23,515 10%	24,094 10%
1.	Average time caller waits in queue.	2 minutes	1 minutes	45 seconds	45 seconds
1.	Number of eligible participants counseled.	5,470	5,838	9,401	9,363
1.	Percentage of participants eligible to retire that receive counseling.	9.1%	9.5%	14.5%	13.2%
1.	Days to provide annuity retirement estimate from date of receipt to payment.	84	86	21-42	21-42
1.	Days to provide service purchase estimate from date of receipt to payment.	70-84	71-86	21-42	21-42
1.	Total administrative cost per active member and annuitant compared to the median of peer retirement systems.*	\$26/\$52	\$26/\$52	\$29/\$52	\$29/\$52

* Wisconsin Retirement System only, excludes special projects and supplemental benefit plans.

DEPARTMENT OF EMPLOYEE TRUST FUNDS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. New Payments System
2. Optical DASD
3. Critical Customer Service Improvement
4. Customer Service Call Center
5. Legal Services
6. Qualified Transportation Benefit
7. State's Group Health Insurance Program
8. Sum Sufficient Reestimate
9. Standard Budget Adjustments

ITEMS NOT APPROVED

10. Ombudsperson Services
11. Business Resumption Planning Contract Services
12. Electronic Document Management

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY00	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY02	FY03	FY02	FY03
GENERAL PURPOSE REVENUE	\$5,832.7	\$4,991.9	\$4,154.9	\$3,620.0	\$4,154.9	\$3,620.0
State Operations	16.3					
Aids to Ind. & Org.	5,816.4	4,991.9	4,154.9	3,620.0	4,154.9	3,620.0
SEGREGATED REVENUE (3)	18,481.5	16,039.5	25,807.6	17,166.4	21,723.4	17,211.7
State Operations	18,481.5	16,039.5	25,807.6	17,166.4	21,723.4	17,211.7
TOTALS-ANNUAL	24,314.2	21,031.4	29,962.5	20,786.4	25,878.3	20,831.7
State Operations	18,497.8	16,039.5	25,807.6	17,166.4	21,723.4	17,211.7
Aids to Ind. & Org.	5,816.4	4,991.9	4,154.9	3,620.0	4,154.9	3,620.0

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY02	FY03	FY02	FY03
GENERAL PURPOSE REVENUE	3.50	3.50	3.50	3.50	3.50
SEGREGATED REVENUE (3)	198.35	198.35	198.35	188.85	187.85
TOTALS-ANNUAL	201.85	201.85	201.85	192.35	191.35

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY00	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY02	FY03	FY02	FY03
1. Employee benefit plans	\$24,297.9	\$21,031.4	\$29,962.5	\$20,786.4	\$25,878.3	\$20,831.7
2. Private employer health care coverage program	16.3					
TOTALS	24,314.2	21,031.4	29,962.5	20,786.4	25,878.3	20,831.7

Table 4
Department Position Summary by Program (in FTE positions) (4)

	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY02	FY03	FY02	FY03
1. Employee benefit plans	198.35	198.35	198.35	188.85	187.85
2. Private employer health care coverage program	3.50	3.50	3.50	3.50	3.50
TOTALS	201.85	201.85	201.85	192.35	191.35

(4) All positions are State Operations unless otherwise specified

1. New Payments System

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	7,660,600	3.50	394,900	3.50	5,364,500	1.00	790,500	0.00
TOTAL	7,660,600	3.50	394,900	3.50	5,364,500	1.00	790,500	0.00

The Governor recommends funding and 1.0 FTE permanent position and a two-year extension for 2.5 FTE existing project positions for the replacement of the annuity payment system serving Wisconsin Retirement System retired participants. Further, the Governor recommends that funding approved for the new annuity payment system and for the 1.0 FTE permanent position be placed in unallotted reserve for release when the department submits to the Department of Administration a detailed implementation schedule. In addition, to recognize expected increases in internal efficiency as a result of the new annuity payment system's implementation, the Governor recommends deleting 1.0 FTE permanent position on June 30, 2003.

2. Optical DASD

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	287,900	0.00	287,900	0.00	287,900	0.00	287,900	0.00
TOTAL	287,900	0.00	287,900	0.00	287,900	0.00	287,900	0.00

The Governor recommends approving funding for optical data storage (DASD) costs and backup protection to the department's optical imaging system.

3. Critical Customer Service Improvement

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	635,400	13.00	577,900	13.00	376,400	8.00	311,400	8.00
TOTAL	635,400	13.00	577,900	13.00	376,400	8.00	311,400	8.00

The Governor recommends funding and 8.0 FTE permanent trust funds specialist 1 positions for the department's Members Services Bureau to address an increasing volume of retirement-related inquiries from Wisconsin Retirement System participants. Four of the recommended permanent positions are conversions of terminating project positions. For these converted positions, the Governor recommends providing 12-months of salary and fringe benefits funding in FY02 to avoid any decline in current service levels. The Governor also recommends funding of \$104,000 in FY02 for one-time information technology and furniture expenditures.

4. Customer Service Call Center

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	663,200	6.50	367,600	6.50	308,000	6.50	314,000	6.50
TOTAL	663,200	6.50	367,600	6.50	308,000	6.50	314,000	6.50

The Governor recommends conversion of 2.0 FTE terminating project positions to permanent and a two-year extension for 4.5 FTE existing project positions. To maintain service levels in the call center, provide 12-months of salary and fringe benefits funding for all 6.5 FTE in FY02. The Governor also recommends funding for ongoing software enhancements (\$25,000 in each year) and Department of Administration information technology charges (\$30,000 in FY02 and \$36,000 in FY03).

5. Legal Services

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	1,122,800	1.00	38,100	1.00	301,700	0.00	423,000	0.00
TOTAL	1,122,800	1.00	38,100	1.00	301,700	0.00	423,000	0.00

The Governor recommends funding for contract services to reduce the department's appeals backlog over a six-year period: (a) Department of Administration Division of Hearings and Appeals (\$80,700 in FY02 and \$88,600 in FY03) (see Department of Administration, Item #17); (b) outside legal counsel (\$157,000 in FY02 and \$262,000 in FY03); (c) court reporters (\$17,200 in FY02 and \$25,600 in FY03); and (d) one additional hearing examiner in the department associated with the development of an expedited case process (\$28,800 in each year). The Governor also recommends authorizing the department secretary to settle certain appeals disputes to streamline the appeals process. Lastly, the Governor recommends funding of \$18,000 in each year for specialized legal counsel to advise the Wisconsin Retirement System Board and department on tax issues pertaining to the Wisconsin Retirement System.

6. Qualified Transportation Benefit

The Governor recommends the creation of a qualified transportation benefit for state employees that permits employees to set aside pretax income that may be used to pay eligible transportation expenses in a manner similar to the existing employee reimbursement account option. Three types of expenses are covered under this benefit: (a) parking expenses incurred at or near an employer's premises; (b) expenses incurred to pay for use of mass transit; and (c) expenses incurred as a result of participating in a van pool.

7. State's Group Health Insurance Program

The Governor recommends authorizing the Group Insurance Board to modify group insurance coverage, if the modification reduces the state's share of group health insurance costs. The intent of this change is to reduce the cost incurred by the state in providing group health insurance to state employees.

8. Sum Sufficient Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-837,000	0.00	-1,371,900	0.00	-837,000	0.00	-1,371,900	0.00
TOTAL	-837,000	0.00	-1,371,900	0.00	-837,000	0.00	-1,371,900	0.00

The Governor recommends reestimating the sum sufficient appropriation for annuity supplements and payments due to reductions in the number of eligible recipients.

9. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	-835,600	-25.00	-828,900	-25.00	-954,600	-25.00	-954,600	-25.00
TOTAL	-835,600	-25.00	-828,900	-25.00	-954,600	-25.00	-954,600	-25.00

The Governor recommends adjustments to the agency's base budget for: (a) turnover reduction (-\$210,300 in each year); (b) removal of noncontinuing elements from the base (-\$1,267,400 and -25.0 FTE SEG in each year); (c) full funding of continuing position salaries and fringe benefits (\$379,100 in each year); (d) BadgerNet increases (\$3,700 in each year); (e) overtime (\$47,900 in each year); (f) night and weekend differential pay (\$75,900 in each year); and (g) fifth week of vacation as cash (\$16,500 in each year).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Employee Trust Funds.

Decision Item	Source of Funds	FY02		FY03	
		Dollars	Positions	Dollars	Positions
10. Ombudsperson Services	SEG-O	44,100	1.00	53,200	1.00
11. Business Resumption Planning Contract Services	SEG-O	22,500	0.00	36,300	0.00
12. Electronic Document Management	SEG-O	167,200	0.00	199,900	0.00
TOTAL OF ITEMS NOT APPROVED	SEG-O	233,800	1.00	289,400	1.00